



Postsecondary Education

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	Postsecondary Education				
	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,237,334,400	1,418,700,200	1,535,369,600	1,277,491,800	1,311,808,300
Continuing Appropriation	356,400				
Salary Compensation Fund	1,601,000				
Base Deduction	-100,000				
Other	5,625,000				
Total General Fund	1,244,816,800	1,418,700,200	1,535,369,600	1,277,491,800	1,311,808,300
Tobacco Settlement-Phase I					
Tobacco Settlement - I	6,321,300	6,221,300	6,321,300	5,231,200	5,591,200
Continuing Appropriation	63,700				
Budget Reduction	-368,600				
Total Tobacco Settlement-Phase I	6,016,400	6,221,300	6,321,300	5,231,200	5,591,200
Restricted Funds					
Balance Forward	4,140,700	618,000	117,200	519,500	100,000
Current Receipts	2,416,917,100	2,574,790,600	2,735,912,000	2,574,115,400	2,735,438,100
Non-Revenue Receipts	10,571,800	16,333,900	14,737,600	15,878,100	12,185,300
Fund Transfers	-3,800,000				
Total Restricted Funds	2,427,829,600	2,591,742,500	2,750,766,800	2,590,513,000	2,747,723,400
Federal Funds					
Current Receipts	634,820,500	666,153,400	702,228,800	666,153,400	702,228,800
Total Federal Funds	634,820,500	666,153,400	702,228,800	666,153,400	702,228,800
TOTAL SOURCE OF FUNDS	4,313,483,300	4,682,817,400	4,994,686,500	4,539,389,400	4,767,351,700
EXPENDITURES BY CLASS					
Personnel Cost	2,227,702,700	2,379,911,400	2,537,378,200	2,344,175,600	2,455,602,900
Operating Expenses	1,239,972,200	1,325,543,000	1,409,497,000	1,322,933,600	1,403,045,000
Grants, Loans or Benefits	643,101,700	771,574,600	803,060,900	670,853,900	705,534,300
Debt Service	74,396,000	73,703,800	109,344,600	72,473,800	73,777,500
Capital Outlay	127,521,200	131,967,400	135,405,800	128,852,500	129,392,000
Construction	270,000				
TOTAL EXPENDITURES	4,312,963,800	4,682,700,200	4,994,686,500	4,539,289,400	4,767,351,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,244,816,800	1,418,700,200	1,535,369,600	1,277,491,800	1,311,808,300
Tobacco Settlement-Phase I	6,016,400	6,221,300	6,321,300	5,231,200	5,591,200
Restricted Funds	2,427,310,100	2,591,625,300	2,750,766,800	2,590,413,000	2,747,723,400
Federal Funds	634,820,500	666,153,400	702,228,800	666,153,400	702,228,800
TOTAL EXPENDITURES	4,312,963,800	4,682,700,200	4,994,686,500	4,539,289,400	4,767,351,700
EXPENDITURES BY UNIT					
Council on Postsecondary Education	82,288,000	131,193,400	183,966,300	88,839,500	129,448,200
Kentucky Higher Education Assistance Authority	201,077,700	258,512,900	262,564,200	210,094,800	214,559,900
Postsecondary Education Institutions	4,029,598,100	4,292,993,900	4,548,156,000	4,240,355,100	4,423,343,600
TOTAL EXPENDITURES	4,312,963,800	4,682,700,200	4,994,686,500	4,539,289,400	4,767,351,700

**Postsecondary Education
Council on Postsecondary Education**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	170,871,700	100,659,500	153,432,400	58,698,200	99,129,700
Salary Compensation Fund	178,700				
Base Deduction	-100,000				
Reorganization Adjustments	-69,525,000				
Other	-50,000,000				
Total General Fund	51,425,400	100,659,500	153,432,400	58,698,200	99,129,700
Tobacco Settlement-Phase I					
Tobacco Settlement - I	5,421,300	5,421,300	5,421,300	4,431,200	4,691,200
Budget Reduction	-368,600				
Total Tobacco Settlement-Phase I	5,052,700	5,421,300	5,421,300	4,431,200	4,691,200
Restricted Funds					
Balance Forward	1,270,000			282,800	100,000
Current Receipts	6,013,200	6,013,200	6,013,200	6,034,000	6,034,000
Non-Revenue Receipts	10,100			393,900	393,900
Fund Transfers	-300,000				
Total Restricted Funds	6,993,300	6,013,200	6,013,200	6,710,700	6,527,900
Federal Funds					
Current Receipts	19,099,400	19,099,400	19,099,400	19,099,400	19,099,400
Total Federal Funds	19,099,400	19,099,400	19,099,400	19,099,400	19,099,400
TOTAL SOURCE OF FUNDS	82,570,800	131,193,400	183,966,300	88,939,500	129,448,200
EXPENDITURES BY CLASS					
Personnel Cost	15,572,700	17,871,300	18,393,100	15,607,000	15,923,900
Operating Expenses	6,087,000	7,207,900	7,177,000	7,119,900	7,425,600
Grants, Loans or Benefits	60,200,200	105,977,200	102,661,300	66,000,600	81,734,700
Debt Service			55,597,900		24,252,000
Capital Outlay	158,100	137,000	137,000	112,000	112,000
Construction	270,000				
TOTAL EXPENDITURES	82,288,000	131,193,400	183,966,300	88,839,500	129,448,200
EXPENDITURES BY FUND SOURCE					
General Fund	51,425,400	100,659,500	153,432,400	58,698,200	99,129,700
Tobacco Settlement-Phase I	5,052,700	5,421,300	5,421,300	4,431,200	4,691,200
Restricted Funds	6,710,500	6,013,200	6,013,200	6,610,700	6,527,900
Federal Funds	19,099,400	19,099,400	19,099,400	19,099,400	19,099,400
TOTAL EXPENDITURES	82,288,000	131,193,400	183,966,300	88,839,500	129,448,200
EXPENDITURES BY UNIT					
Agency Operations	12,105,900	14,947,700	15,437,200	13,060,500	13,371,700
Pass Through Programs	11,695,600	11,889,000	12,224,500	11,711,500	12,047,000
Federal Programs	5,599,400	5,799,400	5,799,400	5,599,400	5,599,400
Strategic Investment & Incentive Funding Program	52,887,100	98,557,300	150,505,200	58,468,100	98,430,100
TOTAL EXPENDITURES	82,288,000	131,193,400	183,966,300	88,839,500	129,448,200

The Council on Postsecondary Education serves as the representative agency in matters of postsecondary education and in this role brings a statewide perspective to postsecondary education issues and planning. The council has the responsibility both for guiding the system and serving as an advocate for postsecondary education as a part of the total education enterprise. The primary focus of the council is the coordination of an effective system of postsecondary education meeting the current and future educational needs of the Commonwealth. The Council also has responsibility to operate Kentucky's adult education system, bringing all of Kentucky's public postsecondary and adult education providers under a single authority.

The six goals for the postsecondary education system, codified in KRS 164.003(2), are summarized below:

- 1 A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.
- 2 A major comprehensive research institution ranked nationally in the top 20 public universities at the University of Kentucky.
- 3 A premier, nationally-recognized metropolitan research university at the University of Louisville.
- 4 Regional universities, with at least one nationally-recognized program of distinction or one nationally-recognized applied research program, working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.
- 5 A comprehensive community and technical college system with a mission that assures, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.
- 6 An efficient, responsive, and coordinated system of providers that delivers educational services to all adult citizens in quantities and of a quality that is comparable to the national average or above and significantly elevates the level of education of the adults of the Commonwealth.

The Council is the liaison between postsecondary education and other segments of the education community. This role is particularly important in relation to other state agencies relating to elementary and secondary education and those directly impacting postsecondary education. The creation of the P-16 council, a joint effort of the council and the Kentucky Board of Education, is a concerted effort to identify common issues between the two systems and to further identify solutions.

The statutory responsibilities set forth in KRS Chapter 164 primarily involve: determining the needs of postsecondary education in the Commonwealth; developing and implementing a strategic agenda and strategic implementation plan (the Action Agenda) designed to achieve the legislatively mandated goals for postsecondary education; setting tuition rates or overseeing the setting of tuition rates by the public postsecondary education institutions; provide the Governor and the General Assembly reports on the performance of the postsecondary education system and the individual institutions in achieving the goals of postsecondary education reform; operating the Kentucky Virtual University and the Kentucky Virtual Library; supporting P-16 reform initiatives; administering a comprehensive program for adult students; establishing technology standards for distance education; deregulating, where possible, the policies and procedures of the Council; establishing minimum standards for admissions; reviewing, modifying, approving and eliminating academic programs; reviewing and recommending funding for the public institutions; administering the strategic investment and incentive funding program; approving and recommending capital projects; maintaining a statewide system of accountability; and, licensing private degree-granting and proprietary baccalaureate degree-granting institutions. The Council also is the representative agency of the Commonwealth in postsecondary education matters not specifically delegated by statute to any of the public institutions and for interstate compacts and agreements.

**Postsecondary Education
Council on Postsecondary Education
Agency Operations**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,766,000	13,686,500	14,176,000	11,595,700	11,989,700
Salary Compensation Fund	178,700				
Base Deduction	-100,000				
Total General Fund	10,844,700	13,686,500	14,176,000	11,595,700	11,989,700
Restricted Funds					
Balance Forward	1,033,600			282,800	100,000
Current Receipts	1,261,200	1,261,200	1,261,200	1,282,000	1,282,000
Non-Revenue Receipts	-450,800				
Fund Transfers	-300,000				
Total Restricted Funds	1,544,000	1,261,200	1,261,200	1,564,800	1,382,000
TOTAL SOURCE OF FUNDS	12,388,700	14,947,700	15,437,200	13,160,500	13,371,700
EXPENDITURES BY CLASS					
Personnel Cost	7,540,300	9,162,000	9,655,400	7,887,800	7,916,300
Operating Expenses	4,119,500	5,360,700	5,356,800	4,772,700	5,105,400
Grants, Loans or Benefits	350,000	350,000	350,000	350,000	300,000
Capital Outlay	96,100	75,000	75,000	50,000	50,000
TOTAL EXPENDITURES	12,105,900	14,947,700	15,437,200	13,060,500	13,371,700
EXPENDITURES BY FUND SOURCE					
General Fund	10,844,700	13,686,500	14,176,000	11,595,700	11,989,700
Restricted Funds	1,261,200	1,261,200	1,261,200	1,464,800	1,382,000
TOTAL EXPENDITURES	12,105,900	14,947,700	15,437,200	13,060,500	13,371,700

The Agency Operations program is the support unit of the Council. The Agency Operations budget includes funding for operating activities in support of development and implementation of the strategic agenda and action plan, academic program review, capital and operating finances, and implementation of the Strategic Investment and Incentive Funding Program.

Authority for the council is found in KRS 164.013, 164.0203, and 164.020. The agency operations program is the support unit of the council. As such, employees included in the agency operations program provided limited direct services to students and faculty at public and private postsecondary education institutions, legislators, members of the governor's staff, and other state agencies. The council does license private postsecondary education institutions, a regulatory function.

Agency operations include staff and operating expenses necessary to manage the agency and programs of the council with the exception of those employees involved in the direct delivery of services for adult education and the Kentucky Virtual University/Virtual Library. The staff is organized into seven primary units with agency operations providing support services to all units:

- The Executive unit consists of the CPE president, executive vice president, general counsel, and support staff. The executive unit provides leadership and direction to the other units, coordinates the postsecondary education equal opportunity efforts, directs strategic planning, accountability, and assessment efforts, and, provides legal services to the agency.
- The Public Affairs, Communications, and Human Resources unit, headed by the agency's Chief of Staff, includes support staff providing governmental and legislative services, media relations, and communications planning for the entire agency as well as human resources services.

- Academic Affairs includes activities related to approval, modification, disapproval, or discontinuance of academic programs, extended campus activities, academic course inventory, admissions standards, accountability, statewide strategic planning, early childhood literacy, baccalaureate degree transfer, academic common market, and licensure of independent colleges and universities. Testing and Local P-16 Council initiatives are funded through the council's pass-through programs. New economy responsibilities of this unit include oversight of the Science and Technology funding program and coordination of the state's economic development initiatives in conjunction with the Economic Development Cabinet.
- Adult Education was transferred to the council in 2003. The agency operations unit provides governmental relations, communications, information, technology, and business office support to the direct program activities of the adult education program unit.
- The Kentucky Virtual University/Virtual Library operates a comprehensive set of university programs that include over 16,000 learners. The virtual library is a consortium of public and private postsecondary education libraries, the Kentucky Department for Libraries and Archives, the Kentucky Department of Education, the county and city public libraries, and special libraries. The agency operations unit provides governmental relations, communications, information, technology, and business office support to the program activities of the Kentucky Virtual University/Virtual Library program unit.
- The Finance unit is responsible for developing funding approaches for the institutions, the analysis of postsecondary education financial information, the review and recommendation of capital construction projects, tuition setting, reciprocity agreements, and the administration of the strategic investment and incentive trust funds. In addition to these institutionally focused activities, the Finance unit also is responsible for the administrative and business operations of the agency; budgeting, accounting, purchasing, printing/copying, telecommunications services, and inventory control.
- Information Technology includes those activities related to the collection and analysis of student data collected through the agency's comprehensive data base, support and maintenance of the agency's computing needs including the local area network and coordination of statewide technology efforts. The information technology unit provides services to all of the program units of the council. The agency's general counsel also serves as Associate Vice President for Information Technology.

Policy

Kentucky Virtual University/Library-Electronic Library database - The Governor's budget recommendation includes \$350,000 in fiscal year 2008 from the General Fund for the purchase of additional database support for the virtual University/Library. The virtual university simplifies access to quality college credit, professional development, and supplemental studies by providing a single access point for statewide learning support. This support includes the virtual library system, which needs the funding to enhance quality library and information resources to Kentuckians.

Kentucky Virtual University/Library-Courier Services - The Governor's budget recommendation includes an additional \$85,000 each fiscal year from the General Fund to enhance the current system of servicing libraries throughout the Commonwealth with inter-library loan materials. These funds are needed to keep up with increasing costs of transporting library materials to locations in Kentucky without sufficient access.

**Postsecondary Education
Council on Postsecondary Education
Pass Through Programs**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	56,498,300	7,389,000	7,724,500	6,817,600	7,153,100
Other	-50,000,000				
Total General Fund	6,498,300	7,389,000	7,724,500	6,817,600	7,153,100
Restricted Funds					
Balance Forward	21,000				
Current Receipts	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Non-Revenue Receipts	676,300			393,900	393,900
Total Restricted Funds	5,197,300	4,500,000	4,500,000	4,893,900	4,893,900
TOTAL SOURCE OF FUNDS	11,695,600	11,889,000	12,224,500	11,711,500	12,047,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	11,425,600	11,889,000	12,224,500	11,721,500	12,057,000
Construction	270,000				
TOTAL EXPENDITURES	11,695,600	11,889,000	12,224,500	11,721,500	12,057,000
EXPENDITURES BY FUND SOURCE					
General Fund	6,498,300	7,389,000	7,724,500	6,817,600	7,153,100
Restricted Funds	5,197,300	4,500,000	4,500,000	4,893,900	4,893,900
TOTAL EXPENDITURES	11,695,600	11,889,000	12,224,500	11,711,500	12,047,000
EXPENDITURES BY UNIT					
Contract Spaces	3,416,200	3,720,600	4,056,100	3,720,600	4,056,100
Metroversity	58,800	58,800	58,800	58,800	58,800
Professional Education Preparation Program	416,700	416,700	416,700	416,700	416,700
Telecommunications Consortia	182,700	182,700	182,700	182,700	182,700
Minority Student College Prep Program	330,200	465,200	465,200	397,700	397,700
State Autism Training Center	217,800	217,800	217,800	217,800	217,800
Kentucky Rural Development Center	698,200	698,200	698,200	698,200	698,200
SREB Doctoral Scholars Program	256,600	301,400	301,400	301,400	301,400
Pass Through - Other	1,618,400	1,327,600	1,327,600	1,217,600	1,217,600
Cancer Research Insts Mtchg Fd	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
TOTAL EXPENDITURES	11,695,600	11,889,000	12,224,500	11,711,500	12,047,000

The Council on Postsecondary Education has been designated as the receiving agency for several programs. Funds are appropriated to the Council and subsequently "passed-through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day-to-day operations. For purposes of display, these programs have been grouped together under the heading of Pass Through Programs. A brief description of each program is provided below.

The **Contract Spaces Program** provides 188 Kentucky students with access to veterinary medicine and optometry programs through contracts administered by the Southern Regional Education Board (SREB) and Indiana University. In veterinary medicine, Kentucky contracts for 144 spaces at Auburn University (136) and Tuskegee Institute (8). In optometry, Kentucky contracts for 44 spaces at the Southern College of Optometry (24), the University of Alabama (8), and Indiana University (12). Contract fees guarantee a fixed number of spaces in these academic programs for qualified Kentucky residents. Enrolled students are required to pay only the equivalent of the in-state tuition at the host institution. Students are supported for four years. To reserve these spaces and to help defray cost, the Commonwealth pays a contract fee per space to each participating institution. These

contracts are the primary sources of enrollment opportunities for Kentucky students and for trained individuals to meet workforce needs in these professional areas.

The 2004-2006 Appropriations Bill, House Bill 267, codified at KRS 164.043, created the **Cancer Research Institutions Matching Fund** to be administered by the Council on Postsecondary Education. The University of Louisville Research Foundation and the University of Kentucky Research Foundations will each be eligible for state funds under this program. In the first year of the program, fiscal year 2005-2006, the state authorized \$4.5 million. The program is funded by a one-percent increase in the cigarette excise tax. To receive the funding from this program, the two research institutions must provide a dollar for dollar match from external sources. The purpose of these funds is to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program supports collaborative business and academic ventures in support of the cancer research programs at their respective university cancer centers (Brown and Markey).

Since the late 1970s, the Council has supported cooperative activities among and services to postsecondary education institutions in the Greater Louisville area through the interstate **Metroversity Consortium**. On behalf of the participating institutions, Metroversity operates the Educational Opportunity Center, a cross-registration program, student and faculty competitions and activities, and interlibrary courier service. The Consortia also maintains a cable TV channel for institutional use. State funds represent less than 10 percent of Metroversity's total budget.

The **Professional Education Preparation Program (PEPP)** was established in 1980 pursuant to KRS 164.028 through 164.0282. The program assists students and prospective students from rural and inner-city areas experiencing medical and dental workforce shortages to gain admission to and graduate from medical and dental school. All funds appropriated to the Council for the PEPP program are allocated to the University of Kentucky, the University of Louisville, and the Pikeville College, School of Osteopathic Medicine to conduct: pre-freshman workshops, undergraduate workshops; student assessment conferences, and MCAT/DAT test assistance with tutors, tutoring, and summer job placement.

The **Telecommunications Consortium** was established in 1978 with funding provided through the budget of the Council. Programming and any needed staff services are provided by Kentucky Educational Television (KET) through a Memorandum of Agreement with the Council. The Consortium provides college credit course via KET's open broadcast television capability. In fiscal year 2005-2006, 33 undergraduate courses are scheduled for delivery. Students may enroll by mail and view courses at home.

The **Governor's Minority Student College Preparation Program** was established in 1986 to: provide academic enrichment activities for middle and junior high school students; encourage them to stay in school and to enter college; make young African-American students aware of the benefits and value of college and make them more likely to consider college as an achievable option; and to prepare these students to be successful in college-level work. The program places emphasis on early intervention in an attempt to overcome problems at the high school level that tend to reduce the pool of minorities interested in attending and prepared to do well in college. Approximately 1,100 middle and high-school students will be enrolled in this program each year.

The **Kentucky State Autism Training Center** contracts with the University of Louisville to provide coordinated services for training individuals involved in delivering services to those diagnosed with autism or autistic related disorders.

The **Kentucky Rural Development Center** operates in Somerset, Kentucky. The Center provides technical assistance to business and governmental entities in networking and video conferencing.

The **Southern Regional Education Board (SREB) Doctoral Scholars Program** is a cooperative interstate venture that seeks to support and encourage minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states.

According to the SREB, as of July 2003, the program has served 580 individuals, with 279 currently matriculating scholars enrolled throughout the south; 233 scholars had completed their Ph.D. and 12 had withdrawn. The retention rate for the program is 92 percent over the last six years of operation. Kentucky has 27 students currently enrolled with the state providing continuing funding for 15 graduates pursuing higher degrees.

The budget provides \$9,600 each year of the biennium from the General Fund for a **Martin Luther King Scholarship** program at Kentucky State University.

The budget provides \$120,000 each year from the General Fund for a **Washington, D.C. Internship and Academic Seminars** program.

The budget provides \$1,000,000 in each fiscal year of the 2006-2008 biennium to continue an operating subsidy for a **Biotechnology Marine Shrimp Production** program. The Council, through an agreement with Western Kentucky University, provides these funds to operate a new marine shrimp production facility by a private corporation located on the Western Kentucky University farm. The 2004-2006 biennial budget provided funds to construct a marine shrimp production facility.

The **Early Math Testing** program is a statewide on-line diagnostic test to help high school students identify academic deficiencies that they should correct before entering college to avoid the need for postsecondary education remediation.

Policy

An additional \$586,800 from the General Fund is provided in fiscal year 2007 and \$922,300 in fiscal year 2008 to the **Contract Spaces** program to ensure that the existing veterinary and optometry professional school slots are maintained for Kentucky students at the participating out-of-state professional schools. This brings total funding up to \$3,720,600 in fiscal year 2007 and \$4,056,100 in fiscal year 2008.

Principal Leadership - The Governor's budget recommendation provides new funding of \$1,000,000 in fiscal year 2008 from the General Fund for a Principal Leadership program. The funds will be used to support a collaborative enterprise among Kentucky universities that have education leadership programs to improve K-12 student learning by providing specialized training to the next generation of public school principals. Funds will be used for program planning and design, salaries and benefits for institute personnel, and participant costs.

Minority Student College Prep-Expansion - The Governor's budget recommendation provides an additional \$67,500 from the General Fund in each year of the 2006-2008 biennium. The funds will be used to enhance the current program designed to emphasize early intervention at the high school level for minority students to increase the pool of minorities interested in attending and prepared to exceed in college.

SREB Doctoral Scholars Program Expansion - The Governor's budget recommendation provides an additional \$45,000 from the General Fund each fiscal year for this program. The funds will be used to support minority students to complete a doctoral degree in Kentucky or in other surrounding states. The program goal is to increase the number of minority individuals employed as college faculty and administrators by increasing the available pool of minority-candidate, doctoral degree completers.

Notwithstanding KRS 164.7911, interest income in the amount of \$393,900 in each fiscal year is authorized to be used for the Governor's Minority Student College Preparation, SREB Doctoral Scholars, P-16 Council, and Early Math Testing programs to maintain these programs at current levels of funding.

**Postsecondary Education
Council on Postsecondary Education
Federal Programs**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		200,000	200,000		
Total General Fund		200,000	200,000		
Federal Funds					
Current Receipts	5,599,400	5,599,400	5,599,400	5,599,400	5,599,400
Total Federal Funds	5,599,400	5,599,400	5,599,400	5,599,400	5,599,400
TOTAL SOURCE OF FUNDS	5,599,400	5,799,400	5,799,400	5,599,400	5,599,400
EXPENDITURES BY CLASS					
Personnel Cost	959,300	1,267,600	1,296,000	1,267,600	1,296,000
Operating Expenses	286,100	165,800	138,800	165,800	138,800
Grants, Loans or Benefits	4,354,000	4,366,000	4,364,600	4,166,000	4,164,600
TOTAL EXPENDITURES	5,599,400	5,799,400	5,799,400	5,599,400	5,599,400
EXPENDITURES BY FUND SOURCE					
General Fund		200,000	200,000		
Federal Funds	5,599,400	5,599,400	5,599,400	5,599,400	5,599,400
TOTAL EXPENDITURES	5,599,400	5,799,400	5,799,400	5,599,400	5,599,400

The Council on Postsecondary Education administers three federal programs (exclusive of the Adult Education related grants): Improving Educator Quality State Grant Program, Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Kentucky and (GEAR UP) Kentucky TWO, and the Fund for the Improvement of Postsecondary Education (FIPSE).

The Improving Educator Quality State Grant Program focuses on preparing, training, and recruiting high-quality teachers. The Council on Postsecondary Education provides competitive grants to partnerships comprised of schools of education and arts and sciences, along with one or more high-need local school districts.

GEAR UP is a federal initiative that encourages young people to stay in school, study hard and take the right courses to go to college. The program provides a range of services to low-income students by supporting new or expanded activities that strengthen schools. GEAR UP grants are awarded to states as well as partnerships comprising schools, postsecondary institutions and non-school partners. GEAR UP state grants stress early intervention and provide scholarships. Effective September 1, 2005, the Council received a six-year award of \$21 million (\$3.5 million a year), in partnership with the Kentucky Higher Education Assistance Authority, that will be serving an additional cohort of students. This award is referred to as GEAR UP Kentucky TWO. Each grant dollar must be matched through a combination of state, local, and private funds.

The Council received its first FIPSE grant in 2002 to develop a statewide advising outreach network for high school students and adult learners who want to go on to college and for students who wish to transfer from two-year to four-year institutions. The grant funds the system referred to as U-CAN, the university coordinated advising network. Key partners include the Kentucky Community and Technical College System, the Kentucky Department of Education, the Kentucky Higher Education Assistance Authority, and a number of postsecondary institutions, school districts, and adult education learning centers. Through matching funds, improvements are being made to and activities expanded in the KYVU call center.

**Postsecondary Education
Council on Postsecondary Education
Strategic Investment & Incentive Funding Program**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	103,607,400	79,384,000	131,331,900	40,284,900	79,986,900
Reorganization Adjustments	-69,525,000				
Total General Fund	34,082,400	79,384,000	131,331,900	40,284,900	79,986,900
Tobacco Settlement-Phase I					
Tobacco Settlement - I	5,421,300	5,421,300	5,421,300	4,431,200	4,691,200
Budget Reduction	-368,600				
Total Tobacco Settlement-Phase I	5,052,700	5,421,300	5,421,300	4,431,200	4,691,200
Restricted Funds					
Balance Forward	215,400				
Current Receipts	252,000	252,000	252,000	252,000	252,000
Non-Revenue Receipts	-215,400				
Total Restricted Funds	252,000	252,000	252,000	252,000	252,000
Federal Funds					
Current Receipts	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000
Total Federal Funds	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000
TOTAL SOURCE OF FUNDS	52,887,100	98,557,300	150,505,200	58,468,100	98,430,100
EXPENDITURES BY CLASS					
Personnel Cost	7,073,100	7,441,700	7,441,700	6,451,600	6,711,600
Operating Expenses	1,681,400	1,681,400	1,681,400	2,181,400	2,181,400
Grants, Loans or Benefits	44,070,600	89,372,200	85,722,200	49,773,100	65,223,100
Debt Service			55,597,900		24,252,000
Capital Outlay	62,000	62,000	62,000	62,000	62,000
TOTAL EXPENDITURES	52,887,100	98,557,300	150,505,200	58,468,100	98,430,100
EXPENDITURES BY FUND SOURCE					
General Fund	34,082,400	79,384,000	131,331,900	40,284,900	79,986,900
Tobacco Settlement-Phase I	5,052,700	5,421,300	5,421,300	4,431,200	4,691,200
Restricted Funds	252,000	252,000	252,000	252,000	252,000
Federal Funds	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000
TOTAL EXPENDITURES	52,887,100	98,557,300	150,505,200	58,468,100	98,430,100
EXPENDITURES BY UNIT					
Research Challenge Trust Fund	5,052,700	17,421,300	5,421,300	4,431,200	4,691,200
Technology Initiative Trust Fund	2,050,500	4,752,100	10,887,100	3,403,000	4,053,000
Physical Facilities Trust Fund			50,562,900		24,252,000
Postsecondary Workforce Development Trust Fund		500,000	3,500,000	300,000	1,200,000
Adult Education and Literacy Funding Program	35,778,000	39,778,000	41,778,000	36,778,000	38,778,000
Science and Technology Funding Program	10,005,900	10,605,900	10,855,900	10,355,900	10,355,900
Regional Stewardship Funding Program		3,000,000	18,000,000	1,200,000	3,600,000
Research Support Funding Program		22,000,000	4,000,000	1,500,000	9,000,000
Special Initiatives Funding Program		500,000	5,500,000	500,000	2,500,000
TOTAL EXPENDITURES	52,887,100	98,557,300	150,505,200	58,468,100	98,430,100

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for six Strategic Investment and Incentive Trust Funds (a Research Challenge Trust Fund; a Regional University Excellence Trust Fund; a Technology Initiative Trust Fund; a Physical Facilities Trust Fund; a Postsecondary Workforce Development Trust Fund; and a Student Financial Aid and Advancement Trust Fund) and appropriations for two Strategic Investment and Incentive Funding Programs (the Adult Education and Literacy Funding Program; the Science and Technology Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to reach the six goals established in KRS 164.003(2). The Governor's Executive Budget adds three additional funding programs to further the progress of the Commonwealth's postsecondary education improvement.

	<u>FY 2005</u>	<u>FY 2006</u>
Research Challenge Trust Fund		
Lung Cancer Research – Phase I Tobacco Settlement Funding	4,431,200	4,691,200
Physical Facilities Trust Fund		
Debt Service for \$260,276,000 in Bond Funded Capital Projects		24,252,000
Technology Initiative Trust Fund	3,403,000	4,053,000
Postsecondary Workforce Development Trust Fund	300,000	1,200,000
Adult Education and Literacy Funding Program	36,778,000	38,778,000
Science and Technology Funding Program	10,355,900	10,355,900
Regional Stewardship Funding Program	1,200,000	3,600,000
Research Support Funding Program	1,500,000	9,000,000
Special Initiatives Funding Program	500,000	2,500,000
TOTAL FUNDING PROGRAM APPROPRIATIONS	<u>58,468,100</u>	<u>98,430,100</u>

Research Challenge Trust Fund

This Trust Fund includes funding from the Phase I Tobacco Settlement devoted to the Lung Cancer Research Trust Fund established by KRS 164.476.

Technology Initiatives Trust Fund

Funding in the amount of \$2,050,000 in each year of the biennium is provided for the following subsidiary programs of the Technology Initiatives Trust Fund:

1. Kentucky Postsecondary Education Network (KPEN) is an internet Protocol-optimized network specifically designed for postsecondary education requirements and applications. It accommodates high-demand, high-access internet users and provides an easy mechanism for expansion of network services. Expanded KPEN services extend to all postsecondary education institutions through the Master Agreement developed between the University of Kentucky and the vendor, ALLTEL, Inc. The Council on Postsecondary Education, working through the University of Kentucky, financially supports a baseline network for the state-supported postsecondary education institutions. Institutions may purchase additional services and bandwidth directly from the Master Agreement with the vendor.
2. Faculty Development in collaboration with one or more institutions, to sponsor statewide initiatives. These initiatives serve an agenda setting function, drawing attention to important dimensions of faculty development linked to system goals.

Adult Education and Literacy Funding Program

A total of \$23,026,000 in fiscal year 2007 and \$25,026,000 in fiscal year 2008 from the General Fund is provided for the Adult Education and Literacy Funding Program. This includes an additional \$1,000,000 in fiscal year 2007 and \$3,000,000 in fiscal year 2008 to increase the base funding of the adult education and literacy programs. Over \$13 million per year in federal funds combine with the state General Funds to finance adult education and literacy programs. Notwithstanding the provisions of KRS 45.229, any unexpended balance of funds appropriated for the Adult Education and Literacy Funding Program shall not lapse and shall be carried forward into the next fiscal year.

The Adult Education Reform Act of 2000 stated, "Adult illiteracy is a fundamental barrier to every major challenge facing Kentucky, including early childhood education, education reform, economic development and improving the health and well being of Kentucky's families and communities."

One in four Kentuckians age 25 or older do not have a high school diploma or GED, compared to 19.6 percent nationally. Of 2.4 million working-age Kentuckians, 40 percent (nearly one million) function at the two lowest levels of literacy.

The Adult Education Reform Act provided the foundation for improving the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language. Kentucky Adult Education increased enrollment in adult education and literacy programs 115 percent from 51,177 in 1999-2000 to a record high enrollment of 109,880 in 2002-03. This enrollment exceeded the fiscal year 2003 goal of 90,000 and even the fiscal year 2004 goal of 100,000. Of the fiscal year 2003 enrollment, 43,050 adults participated in workplace programs, and 5,459 were enrolled in English as a Second Language.

The Act also created a partnership between the Council on Postsecondary Education and the Department for Adult Education and Literacy. The partnership was strengthened in July 2003 by the organizational transition of the newly renamed "Kentucky Adult Education" from the Cabinet for Workforce Development to the Council on Postsecondary Education. This reorganization positions Kentucky Adult Education at the forefront of education in the Commonwealth and facilitates the program's momentum toward the next level of achievement by creating new avenues for reaching adult learners and helping them transition to postsecondary education and employment.

Base funding is distributed to local organizations through grants for adult basic education and literacy services, the cornerstone of Kentucky Adult Education. The Kentucky Adult Education Reform Act requires services to be targeted to communities with the greatest need, so funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

Through this funding, every Kentucky county is served by a comprehensive adult education provider that offers all levels of adult education instruction, family literacy and employability and life skills instruction. Many providers also offer English as a Second Language classes and workplace education. Every provider operates one or more sites throughout the county to meet the unique learning needs of its target population. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations.

Science and Technology Funding Program

The funding for the Science and Technology Funding Program supports the programs established by the Kentucky Innovation Act, enacted by the 2000 General Assembly, and amended in subsequent sessions, and codified as KRS 164.6011 through 164.6043. Funding is provided each year of the biennium for the suite of Science and Technology programs which include: the **Research and Development Voucher** program that provides vouchers to small and medium-size Kentucky-based companies that undertake research and development work in partnership with universities in the Commonwealth, the **Commercialization Fund** that provides development funds for promising technologies developed through the research and development work undertaken at the universities in the Commonwealth, the **Rural Innovation** program provides funding to Kentucky-based companies with less than 150 employees. Recipient companies contract with an accredited postsecondary institution, the **Experimental Program to Stimulate Competitive Research (EPSCoR)** program, a highly collaborative and successful federal research and development program initiated by the National Science Foundation in 1978 that leverages state matching funds to bring additional federal research dollars to Kentucky. EPSCoR has been responsible for bringing over \$36 million in federal research dollars to Kentucky since 1985. The return on the state's investment in this program equals \$2.50 of federal funding for every dollar of state funds invested in EPSCoR. The Science and Technology Funding Program also provides funding for the **Science and Engineering Foundation**. The Science and Engineering Foundation, expanding on the existing EPSCoR program and funding, is modeled in part after the National Science Foundation and makes investments in peer-reviewed science and engineering research, to accelerate the rate of research and development funds and work to increase the amount of federal and private sector funds for this work in Kentucky. The Science and Technology Funding Program provides \$1,000,000 in funding each year is provided for the **Knowledge-Based Economy Academic Programs** in engineering and information technology. The Council on Postsecondary Education directed the public universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New

Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

Policy

Performance Funding – The Executive Budget includes \$1,000,000 from the General Fund in fiscal year 2008 to reward the postsecondary education institutions for relative performance. Fifty percent of performance funds will be awarded based on a comparison to benchmark institutions using two measures: (1) degree productivity; and (2) efficiency. The remaining half will be awarded based on selected Key Indicators of Progress using three measures: (1) Increased degree production; (2) Increased minority degree production; and (3) Institutions' choice indicator.

Adult Education-Expansion of Services – The Executive Budget includes an additional \$1,000,000 from the General Fund in fiscal year 2007 and \$3,000,000 in fiscal year 2008 to enhance the county programs in adult literacy in order to meet the goals of the Adult Education Act. The grant programs will target communities with the greatest need related to basic literacy skills to offer adult education instruction, family literacy programs, and assistance with employability and life skills instruction.

Regional Stewardship – The Executive Budget includes \$1,200,000 from the General Fund in fiscal year 2007 and \$3,000,000 in fiscal year 2008 to be allocated to the comprehensive universities to promote regional or statewide economic development, livable communities, social inclusion, creative governance, and civic participation through public engagement activities initiated by university faculty and staff. Programs are to be designed to align institutional priorities, resources and infrastructure to support their communities and create partnerships to address regional and state needs.

Workforce Development Trust Fund – The Executive Budget includes \$300,000 from the General Fund in fiscal year 2007 and \$1,200,000 in fiscal year 2008 to be used by KCTCS to support workforce development initiatives and to support the transfer of associate degree completers to Kentucky's public and private universities to advance toward a baccalaureate degree.

Research Support – The Executive Budget includes \$1,500,000 in fiscal year 2007 and \$3,000,000 in fiscal year 2008 from the General Fund to be used to establish a research capacity pool designed to support university efforts to build research capacity in targeted priority areas. Two-thirds of the funds are for the University of Kentucky and one-third is for the University of Louisville. Allocated funds will be distributed upon submission and approval of a plan that identifies target areas of impact at the University along with a proposed budget for faculty, salaries, benefits, and operating expenses in those years. To qualify for funds, each institution will submit a one-time, research capacity plan to the Council by close of business June 1, 2006. These funds will be used to recruit and retain prominent research faculty in areas of strategic benefit to the Commonwealth. Appropriate uses for these funds include start-up costs, salaries, benefits, travel, and other professional expenses as permitted by University policy for new faculty positions in the CPE priority areas, including five economic development clusters: (1) Human Health and Development; (2) Biosciences; (3) Materials Science and Advanced Manufacturing; (4) Information Technologies and Communications; and (5) Environmental and Energy Technologies.

The Executive Budget includes \$6,000,000 in fiscal year 2008 from the General Fund to support laboratory renovations and equipment purchases in CPE-designated priority areas and will support research initiatives – disciplinary and interdisciplinary research activities that address regional or state needs, contribute to the generation of federal and extramural R&D expenditures, foster increased innovation and opportunities for commercialization, and stimulate business development. The University of Kentucky will receive \$4,000,000 and the University of Louisville will receive \$2,000,000 from these nonrecurring funds.

Physical Facilities Trust Fund – Debt service in the amount of \$24,252,000 is provided in fiscal year 2008 for 12 bond funded capital projects (\$260,276,000) at the various public postsecondary institutions, and an earmarked amount for the Ovarian Cancer Screening Outreach program.

Kentucky Postsecondary Network (KPEN) – The Executive Budget includes an additional \$700,000 each fiscal year from the General Fund to maintain the existing level of network services to all of the postsecondary education institutions. These funds are necessary to provide a basic level of support for KPEN and to enable postsecondary education to fully participate in the "Education Network" that intends to connect colleges, universities, and local schools to enhance student learning at all educational levels.

K-12 Professional Development – The Governor's budget recommendation includes an additional \$500,000 each fiscal year from the General Fund to support enhanced professional development for local school district certified staff. Funds will be allocated to postsecondary education institutions for the purpose of conducting research or providing support in the redesign of K-12 teacher and leader professional development relevant to local school district enhanced professional compensation plans.

College Access Initiative – The Executive Budget includes \$450,000 from the General Fund in fiscal year 2007 and \$717,000 in fiscal year 2008 to fund phase 2 of a public communications campaign to market the benefits of pursuing higher education in Kentucky. The “Go Higher” campaign utilized in 2000 was enormously successful and these funds would build on that success.

P-16 Engineering Pipeline – The Executive Budget includes \$350,000 from the General Fund in fiscal year 2007 and \$350,000 in fiscal year 2008 to put into place pre-engineering curricula in select middle and high schools and a strategic KCTCS transfer framework to ensure that an adequate number of Kentucky high school graduates and transfer student can aspire and are prepared to enroll in engineering programs in Kentucky.

College-level Learning Assessment – The Executive Budget includes \$150,000 from the General Fund in fiscal year 2008 to support Kentucky’s participation in the National Center for Public Policy in Higher Education’s Measuring Up 2008 Learning Grade. Participation requires statewide student level testing and national standardized test score data collection and follow-up analyses.

Academic Innovation and Collaborative Grants – The Executive Budget includes \$80,000 from the General Fund in fiscal year 2007 and \$250,000 in fiscal year 2008 to advance proposals designed to stimulate partnerships among institutions and public and private sector organizations to develop academic programs addressing current and projected workforce needs, especially in high demand programs.

Faculty Development Expansion – The Executive Budget includes \$35,000 from the General Fund in fiscal year 2007 and \$35,000 in fiscal year 2008 to provide a means to bring faculty together to promote innovative ways to improve quality of instruction, including the promotion of distance learning. Funds will focus on general education curriculum redesign and collaborative public health initiatives

Public Health Initiative – The Executive Budget includes \$87,000 from the General Fund in fiscal year 2007 and \$150,000 in fiscal year 2008 to support a collaborative effort among the Public Health Advisory Committee, the Commissioner for Public Health, and the Council to implement the Strategic Plan for Public Health Education and Research, which was approved by the Council in July 2004. These funds will support curricula development tailored to the needs of the current public health workforce and expand online access to public health courses and degrees.

**Postsecondary Education
Kentucky Higher Education Assistance Authority**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	86,233,500	216,242,600	221,733,000	168,524,300	175,714,600
Continuing Appropriation	356,400				
Reorganization Adjustments	69,525,000				
Other	5,625,000				
Total General Fund	161,739,900	216,242,600	221,733,000	168,524,300	175,714,600
Tobacco Settlement-Phase I					
Tobacco Settlement - I	900,000	800,000	900,000	800,000	900,000
Continuing Appropriation	63,700				
Total Tobacco Settlement-Phase I	963,700	800,000	900,000	800,000	900,000
Restricted Funds					
Balance Forward	2,870,700	618,000	117,200	236,700	
Current Receipts	23,452,400	22,909,600	23,350,400	23,323,600	24,427,900
Non-Revenue Receipts	10,561,700	16,333,900	14,737,600	15,484,200	11,791,400
Total Restricted Funds	36,884,800	39,861,500	38,205,200	39,044,500	36,219,300
Federal Funds					
Current Receipts	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000
Total Federal Funds	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000
TOTAL SOURCE OF FUNDS	201,314,400	258,630,100	262,564,200	210,094,800	214,559,900
EXPENDITURES BY CLASS					
Personnel Cost	12,766,700	13,666,100	14,107,800	13,310,700	13,557,500
Operating Expenses	3,520,800	3,515,500	3,513,600	3,515,500	3,513,600
Grants, Loans or Benefits	184,006,600	240,550,700	244,161,200	192,488,000	196,707,200
Debt Service	746,600	743,600	744,600	743,600	744,600
Capital Outlay	37,000	37,000	37,000	37,000	37,000
TOTAL EXPENDITURES	201,077,700	258,512,900	262,564,200	210,094,800	214,559,900
EXPENDITURES BY FUND SOURCE					
General Fund	161,739,900	216,242,600	221,733,000	168,524,300	175,714,600
Tobacco Settlement-Phase I	963,700	800,000	900,000	800,000	900,000
Restricted Funds	36,648,100	39,744,300	38,205,200	39,044,500	36,219,300
Federal Funds	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000
TOTAL EXPENDITURES	201,077,700	258,512,900	262,564,200	210,094,800	214,559,900
EXPENDITURES BY UNIT					
General Administration and Support	16,229,700	17,105,300	17,538,100	16,765,100	17,004,500
College Access Program	58,029,100	106,775,400	109,705,400	64,585,800	66,220,000
Work Study Program	900,000	900,000	900,000	900,000	900,000
Kentucky Tuition Grant	29,734,500	38,561,900	38,427,900	29,170,100	30,085,900
Teacher Scholarships	2,386,200	2,386,200	2,386,200	2,386,200	2,249,700
Ky National Guard Tuition	4,358,100	25,000	25,000	4,500,000	5,220,000
Osteopathic Medicine Scholarship	1,318,500	772,600	678,800	1,024,300	1,024,300
Ky Educational Excellence Scholarships	85,334,400	88,034,100	88,911,100	88,034,100	88,911,100
Early Childhood Development Scholarships	992,100	1,127,500	1,158,800	933,800	942,500
Kentucky's Affordable Prepaid Tuition (KAPT)	841,400	856,900	864,900	841,700	848,200
Robert C Byrd Honors Scholarship	568,000	568,000	568,000	568,000	568,000
Mary Jo Young Scholarship	385,700	400,000	400,000	385,700	385,700
Go Higher Grant Program		1,000,000	1,000,000		200,000

TOTAL EXPENDITURES	201,077,700	258,512,900	262,564,200	210,094,800	214,559,900
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The Kentucky Higher Education Assistance Authority's (KHEAA) mission is to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions. The Kentucky Higher Education Assistance Authority provides student financial aid, allowing each student to choose institutions appropriate to each person's education and career objectives as provided under KRS 164.740 - 164.785.

KHEAA administers state grants, work study, scholarships, and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates postsecondary school and financial aid information. The agency provides administrative services at no cost to the Kentucky Department of Education for its Occupational/Physical Therapy Incentive program and to the Kentucky National Guard for its Tuition Assistance Program.

Lottery Funds for Student Financial Aid

All of the lottery funds, net of \$3,000,000 provided for literacy development programs, are devoted to student financial aid. KRS 154A.130(4) directs 55 percent to the needs-based student financial aid programs, and 45 percent to the Kentucky Educational Excellence Scholarship (KEES) program. Fiscal year 2006 was the first year, by statute, when 100 percent of the net lottery revenues were devoted to student financial aid programs. The Executive Budget for 2006-2008 continues the budgetary policy of fully complying with that statutory direction.

The Kentucky Higher Education Assistance Authority administers the following student aid programs:

The College Access Program (CAP) awards grants to Kentucky's financially needy undergraduate students enrolled in a public or private non-profit college, public technical college, or proprietary school.

The Kentucky Tuition Grant (KTG) program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 24 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

The KEES program provides merit-based scholarships to eligible high school students based on their yearly grade point average and supplemental awards based on their highest ACT (or equivalent SAT) score attained by their high school graduation date. The scholarships can be used to pay the expenses of each year of college or technical training. Effective March, 2005 as a result of passage of House Bill 460, the administrative responsibility of the Kentucky Education Excellence Scholarship program was transferred from the Council on Postsecondary Education to the Kentucky Higher Education Assistance Authority.

The Teacher Scholarship program is designed to assist financially needy Kentucky students with the costs incurred while seeking initial teacher certification. Recipients must agree to render qualified teaching service in the Commonwealth.

The Work-Study program allows students to work and earn funds to apply toward college expenses while gaining valuable career related work experience.

The Kentucky National Guard Tuition Award program provides tuition assistance to active members of the Kentucky National Guard to attend Kentucky's state-supported postsecondary educational institutions. The Department of Military Affairs selects the recipients and KHEAA forwards funds to the schools to be disbursed to the students.

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who choose to attend a Kentucky school of osteopathic medicine rather than a state medical school. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship.

The Early Childhood Development Scholarship program provides tuition assistance to Kentucky residents pursuing a credential, certificate, or degree in early childhood education. It was established to upgrade the professional development of child-care workers and trainers who do not have access to state or federal professional development funds.

The Robert C. Byrd Honors Scholarship program is a federally-funded merit-based program that awards scholarships to qualified high school seniors and GED recipients who demonstrate outstanding academic achievement.

Policy

In fiscal year 2007, \$162,500,000 and in fiscal year 2008, \$167,500,000, from lottery revenues are directed to student financial aid. Need based aid programs will receive \$89,375,000 in fiscal year 2007 and \$92,125,000 in fiscal year 2008. The KEES program will receive \$73,125,000 in fiscal year 2007 and \$75,375,000 in fiscal year 2008.

Included in the General Fund appropriation for KHEAA is an additional \$5,000,000 in fiscal year 2007 and \$5,000,000 in fiscal year 2008 for the College Access Program and in the Go Higher Grant Program. This initiative is specifically targeted for need-based scholarships for students from coal producing counties. The student population served will include undergraduate postsecondary students (traditional and non-traditional, full-time and part-time) attending public and private colleges and universities, technical colleges, and vocational training institutions in Kentucky. The program shall be funded utilizing coal severance dollars transferred from the Local Government Economic Development Fund. Funds will be distributed each year until exhausted. It is estimated that the available funding will ensure that virtually all needy applicants residing in Kentucky's 39 coal counties who would apply for financial aid would receive an award.

Included in the General Fund for the College Access Program (CAP) is \$58,427,800 in fiscal year 2007 and in fiscal year 2008, \$60,262,000. Included in the federal funds for CAP is \$1,158,000 for fiscal years 2006-2008.

Included in the General Fund for the Kentucky Tuition Grant (KTG) program is \$29,170,100 in fiscal year 2007 and in fiscal year 2008, \$30,085,900.

Included in the General Fund for the Kentucky Educational Excellence Scholarships (KEES) is \$73,125,000 in fiscal year 2006-2007 and \$75,375,000 in fiscal year 2007-2008 from net lottery receipts. An additional \$2,190,300 is provided in fiscal year 2007-2008 from the General Fund since the lottery funds are estimated to be insufficient to fully fund the program. Included in the above Restricted Funds appropriation for KEES is \$14,909,100 in fiscal year 2006-2007 and \$11,345,800 in fiscal year 2007-2008 mainly from unclaimed lottery prize funds for a total KEES budget of \$88,013,100 in fiscal year 2007 and \$88,911,100 in fiscal year 2008.

Included in the General Fund for the Teacher Scholarship Program is \$1,777,100 in each fiscal year of the 2006-2008 biennium, notwithstanding the provisions of KRS 154A.130(4). Included in the restricted funds for the Teacher Scholarship Program is \$609,100 in fiscal year 2007 and \$472,600 in fiscal year 2008.

The Executive Budget recommendation includes full funding for the National Guard Tuition Assistance Program. The Kentucky Higher Education Student Loan Corporation will provide Restricted Funds up to \$4,500,000 in fiscal year 2007 and \$5,220,000 in fiscal year 2008 that will pay the tuition of 2000 applicants in each year of the biennium.

Included in the General Fund for the Osteopathic Medicine Scholarships are \$1,024,300 in fiscal year 2007 and an additional \$1,024,300 in fiscal year 2008.

Included in the General Fund appropriation is \$800,000 in fiscal year 2007 and \$900,000 in fiscal year 2008 from Tobacco Settlement Funds in each year of the biennium for Early Childhood Development Scholarships.

Postsecondary Education
Postsecondary Education Institutions

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	980,229,200	1,101,798,100	1,160,204,200	1,050,269,300	1,036,964,000
Salary Compensation Fund	1,422,300				
Other	50,000,000				
Total General Fund	1,031,651,500	1,101,798,100	1,160,204,200	1,050,269,300	1,036,964,000
Restricted Funds					
Current Receipts	2,387,451,500	2,545,867,800	2,706,548,400	2,544,757,800	2,704,976,200
Fund Transfers	-3,500,000				
Total Restricted Funds	2,383,951,500	2,545,867,800	2,706,548,400	2,544,757,800	2,704,976,200
Federal Funds					
Current Receipts	613,995,100	645,328,000	681,403,400	645,328,000	681,403,400
Total Federal Funds	613,995,100	645,328,000	681,403,400	645,328,000	681,403,400
TOTAL SOURCE OF FUNDS	4,029,598,100	4,292,993,900	4,548,156,000	4,240,355,100	4,423,343,600
EXPENDITURES BY CLASS					
Personnel Cost	2,199,363,300	2,348,374,000	2,504,877,300	2,315,267,900	2,426,131,500
Operating Expenses	1,230,364,400	1,314,819,600	1,398,806,400	1,312,298,200	1,392,105,800
Grants, Loans or Benefits	398,894,900	425,046,700	456,238,400	412,355,300	427,082,400
Debt Service	73,649,400	72,960,200	53,002,100	71,730,200	48,780,900
Capital Outlay	127,326,100	131,793,400	135,231,800	128,703,500	129,243,000
TOTAL EXPENDITURES	4,029,598,100	4,292,993,900	4,548,156,000	4,240,355,100	4,423,343,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,031,651,500	1,101,798,100	1,160,204,200	1,050,269,300	1,036,964,000
Restricted Funds	2,383,951,500	2,545,867,800	2,706,548,400	2,544,757,800	2,704,976,200
Federal Funds	613,995,100	645,328,000	681,403,400	645,328,000	681,403,400
TOTAL EXPENDITURES	4,029,598,100	4,292,993,900	4,548,156,000	4,240,355,100	4,423,343,600
EXPENDITURES BY UNIT					
Eastern Kentucky University	263,555,900	277,293,800	284,683,700	274,619,300	277,201,800
Kentucky State University	62,920,000	64,379,100	65,121,400	64,672,400	64,852,600
Morehead State University	158,622,900	160,887,800	163,558,000	159,110,100	158,495,300
Murray State University	138,912,600	146,709,700	153,461,900	144,734,700	148,418,900
Northern Kentucky University	171,901,700	183,755,000	194,228,700	179,651,700	182,192,100
University of Kentucky	1,664,857,600	1,737,411,400	1,812,201,800	1,728,278,400	1,791,296,600
University of Louisville	697,827,100	780,169,900	864,649,700	769,223,900	842,088,800
Western Kentucky University	272,586,000	301,141,300	319,267,200	295,141,000	304,097,300
Kentucky Community and Technical College System	598,414,300	641,245,900	690,983,600	624,923,600	654,700,200
TOTAL EXPENDITURES	4,029,598,100	4,292,993,900	4,548,156,000	4,240,355,100	4,423,343,600

**Postsecondary Education
Eastern Kentucky University**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	73,922,200	80,555,700	83,445,600	77,881,200	75,963,700
Other	3,548,600				
Total General Fund	77,470,800	80,555,700	83,445,600	77,881,200	75,963,700
Restricted Funds					
Current Receipts	128,912,300	139,565,300	144,065,300	139,565,300	144,065,300
Total Restricted Funds	128,912,300	139,565,300	144,065,300	139,565,300	144,065,300
Federal Funds					
Current Receipts	57,172,800	57,172,800	57,172,800	57,172,800	57,172,800
Total Federal Funds	57,172,800	57,172,800	57,172,800	57,172,800	57,172,800
TOTAL SOURCE OF FUNDS	263,555,900	277,293,800	284,683,700	274,619,300	277,201,800
EXPENDITURES BY CLASS					
Personnel Cost	134,644,500	141,236,000	148,885,400	138,685,400	142,357,000
Operating Expenses	125,063,400	133,027,600	135,329,500	132,903,700	134,376,000
Debt Service	3,848,000	3,030,200	468,800	3,030,200	468,800
TOTAL EXPENDITURES	263,555,900	277,293,800	284,683,700	274,619,300	277,201,800
EXPENDITURES BY FUND SOURCE					
General Fund	77,470,800	80,555,700	83,445,600	77,881,200	75,963,700
Restricted Funds	128,912,300	139,565,300	144,065,300	139,565,300	144,065,300
Federal Funds	57,172,800	57,172,800	57,172,800	57,172,800	57,172,800
TOTAL EXPENDITURES	263,555,900	277,293,800	284,683,700	274,619,300	277,201,800
EXPENDITURES BY UNIT					
Benchmark Funding				1,228,200	1,872,100
Instruction	69,213,900	72,849,900	75,714,000	69,737,000	69,977,800
Research	2,079,400	2,086,900	2,086,300	2,086,900	2,086,300
Public Service	51,529,000	51,578,500	51,640,600	51,578,500	51,640,600
Libraries	4,368,200	4,656,600	4,826,400	4,430,000	4,291,500
Academic Support	11,877,400	13,175,000	14,999,100	12,752,400	12,827,900
Student Services	7,992,500	8,817,400	9,271,900	8,676,800	8,860,200
Institutional Support	37,894,900	41,783,200	43,206,000	41,783,200	43,206,000
Operation and Maintenance of Plant	16,713,000	18,976,800	20,331,300	18,976,800	20,331,300
Scholarships and Fellowships	45,908,900	48,408,900	49,708,900	48,408,900	49,208,900
Mandatory Transfers	4,624,400	3,806,600	1,245,200	3,806,600	1,245,200
Auxilliary Enterprises	11,354,300	11,154,000	11,654,000	11,154,000	11,654,000
TOTAL EXPENDITURES	263,555,900	277,293,800	284,683,700	274,619,300	277,201,800

Eastern Kentucky University (EKU), located in Richmond, Kentucky, was established by the General Assembly in 1906 when it created two schools for the training of teachers. Originally designated the Eastern Kentucky State Normal School, the 1922 General Assembly changed the name to the Eastern Kentucky State Normal School and Teachers College and passed an enabling act permitting the university to confer academic degrees. In 1930, the name was changed to Eastern Kentucky State Teachers College, then to Eastern Kentucky State College in 1948, and finally to Eastern Kentucky University in 1966. The governing body of the University is the Board of Regents, consisting of eight members appointed by the Governor of Kentucky, one faculty member elected by the faculty, one student member elected by the students, and one staff member elected

by the staff. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

As noted in its Campus Action Plan for 2005-2010, Eastern Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, EKU's programs have a strong liberal arts and sciences undergraduate core that prepares students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

EKU boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in justice and safety. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

EKU maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

EKU's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on survey research, program evaluation, technology, teacher and health care professional preparation, homeland security, entrepreneurship, and natural areas, using resources such as the Lilley Cornett Woods program. As such, the university collaborates with entrepreneurs, business leaders, local and state officials and citizens to identify and respond to regional needs for research, commercialization, the workforce, justice and safety, and homeland security. It also provides and coordinates education services to improve teacher quality and student performance in the region.

Policy

The Governor's budget recommendation includes \$1,228,200 in fiscal year 2007 and \$1,872,100 in fiscal year 2008 from the General Fund for a base budget increase allocated from the benchmark funding formula.

The Governor's budget recommendation includes \$479,000 in fiscal year 2008 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project in Part II of the Executive Appropriations Bill.

**Postsecondary Education
Kentucky State University**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	24,568,500	26,707,400	27,449,700	27,000,700	27,180,900
Other	679,800				
Total General Fund	25,248,300	26,707,400	27,449,700	27,000,700	27,180,900
Restricted Funds					
Current Receipts	23,375,700	23,375,700	23,375,700	23,375,700	23,375,700
Total Restricted Funds	23,375,700	23,375,700	23,375,700	23,375,700	23,375,700
Federal Funds					
Current Receipts	14,296,000	14,296,000	14,296,000	14,296,000	14,296,000
Total Federal Funds	14,296,000	14,296,000	14,296,000	14,296,000	14,296,000
TOTAL SOURCE OF FUNDS	62,920,000	64,379,100	65,121,400	64,672,400	64,852,600
EXPENDITURES BY CLASS					
Personnel Cost	34,624,600	35,546,500	35,925,000	35,774,600	35,894,600
Operating Expenses	25,142,600	25,632,300	25,967,300	25,726,300	25,771,400
Debt Service	1,462,400	1,481,100	1,496,200	1,481,100	1,496,200
Capital Outlay	1,690,400	1,719,200	1,732,900	1,690,400	1,690,400
TOTAL EXPENDITURES	62,920,000	64,379,100	65,121,400	64,672,400	64,852,600
EXPENDITURES BY FUND SOURCE					
General Fund	25,248,300	26,707,400	27,449,700	27,000,700	27,180,900
Restricted Funds	23,375,700	23,375,700	23,375,700	23,375,700	23,375,700
Federal Funds	14,296,000	14,296,000	14,296,000	14,296,000	14,296,000
TOTAL EXPENDITURES	62,920,000	64,379,100	65,121,400	64,672,400	64,852,600
EXPENDITURES BY UNIT					
Benchmark Funding				1,733,700	1,898,800
Instruction	15,044,400	15,418,900	15,568,200	15,044,400	15,044,400
Research	9,532,300	9,661,900	9,705,100	9,532,300	9,532,300
Public Service	811,600	811,600	852,600	811,600	811,600
Academic Support	3,643,100	3,729,500	3,758,300	3,643,100	3,643,100
Student Services	6,685,200	6,757,200	6,895,900	6,685,200	6,685,200
Institutional Support	9,971,600	10,259,700	10,355,700	9,971,600	9,971,600
Operation and Maintenance of Plant	4,278,500	4,523,400	4,605,100	4,278,500	4,278,500
Scholarships and Fellowships	7,897,500	8,142,400	8,290,900	7,897,500	7,897,500
Mandatory Transfers	1,111,800	1,130,500	1,145,600	1,130,500	1,145,600
Auxilliary Enterprises	3,944,000	3,944,000	3,944,000	3,944,000	3,944,000
TOTAL EXPENDITURES	62,920,000	64,379,100	65,121,400	64,672,400	64,852,600

Kentucky State College was established in 1886 by an act of the Kentucky General Assembly. In its early years, the institution's purpose was to train Negro teachers for the Negro public schools in the Commonwealth. With the passage of the 1890 Morrill Act by the U.S. Congress, the college became a land grant institution. A tripartite mission was instituted: teaching, research, and public service. The 1972 General Assembly elevated the college to university status, effective July 1, 1973. The governing body of the University, the Board of Regents, is a body corporate and an educational institution

and agency of the Commonwealth consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board and are elected by their respective peers. The government of the University is vested in the Board, and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

As noted in its Campus Action Plan for 2005-2010, Kentucky State University's (KSU) goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, KSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a targeted array of baccalaureate, master's, and specialist programs with special attention to its mission as a land grant institution and Kentucky's historically black university. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

KSU boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in aquaculture and aquatic sciences. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

KSU maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

KSU's priorities for action are applied research and scholarly activities that support the primary function of instruction, supplement the university's commitment to land grant and agriculture-related programs, and improve economic and community development, with an emphasis on the development of alternative species and the nutrition, reproductive physiology, genetics, and economics of aquaculture. As such, KSU collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides and coordinates education services to improve teacher quality and student performance in the region.

Policy

The Governor's budget recommendation includes \$1,773,700 in fiscal year 2007 and \$1,898,800 in fiscal year 2008 from the General Fund for a base budget increase allocated from the benchmark funding formula.

The Governor's budget recommendation includes \$441,000 in fiscal year 2008 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project in Part II of the Executive Appropriations Bill.

**Postsecondary Education
Morehead State University**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	42,376,100	47,219,400	49,906,300	45,441,700	44,843,600
Other	2,463,400				
Total General Fund	44,839,500	47,219,400	49,906,300	45,441,700	44,843,600
Restricted Funds					
Current Receipts	58,868,500	62,467,400	62,754,000	62,467,400	62,754,000
Total Restricted Funds	58,868,500	62,467,400	62,754,000	62,467,400	62,754,000
Federal Funds					
Current Receipts	54,914,900	51,201,000	50,897,700	51,201,000	50,897,700
Total Federal Funds	54,914,900	51,201,000	50,897,700	51,201,000	50,897,700
TOTAL SOURCE OF FUNDS	158,622,900	160,887,800	163,558,000	159,110,100	158,495,300
EXPENDITURES BY CLASS					
Personnel Cost	70,658,700	72,878,000	75,435,200	71,106,600	71,215,100
Operating Expenses	23,746,900	23,009,600	23,434,800	23,003,300	22,992,200
Grants, Loans or Benefits	51,198,300	51,421,100	52,050,600	51,421,100	51,650,600
Debt Service	4,565,600	4,721,600	3,807,600	4,721,600	3,807,600
Capital Outlay	8,453,400	8,857,500	8,829,800	8,857,500	8,829,800
TOTAL EXPENDITURES	158,622,900	160,887,800	163,558,000	159,110,100	158,495,300
EXPENDITURES BY FUND SOURCE					
General Fund	44,839,500	47,219,400	49,906,300	45,441,700	44,843,600
Restricted Funds	58,868,500	62,467,400	62,754,000	62,467,400	62,754,000
Federal Funds	54,914,900	51,201,000	50,897,700	51,201,000	50,897,700
TOTAL EXPENDITURES	158,622,900	160,887,800	163,558,000	159,110,100	158,495,300
EXPENDITURES BY UNIT					
Benchmark Funding				603,900	919,800
Instruction	41,633,800	43,888,100	45,080,500	42,737,300	42,378,800
Research	1,102,200	956,200	953,300	956,200	953,300
Public Service	9,631,100	6,577,200	6,473,300	6,533,800	6,386,400
Libraries	2,841,200	3,027,700	3,089,300	2,940,800	2,915,500
Academic Support	6,761,600	7,056,200	7,173,800	6,882,500	6,826,200
Student Services	8,083,800	8,571,000	9,035,300	8,353,900	8,116,800
Institutional Support	11,375,700	12,100,200	12,448,200	11,774,400	11,673,100
Operation and Maintenance of Plant	6,474,600	7,085,400	7,222,800	6,701,500	6,643,900
Scholarships and Fellowships	51,198,300	51,421,100	52,050,600	51,421,100	51,650,600
Mandatory Transfers	4,494,300	4,651,800	4,611,800	4,651,800	4,611,800
Non-Mandatory Transfers	2,255,200	2,334,200	2,314,100	2,334,200	2,314,100
Auxilliary Enterprises	12,771,100	13,218,700	13,105,000	13,218,700	13,105,000
TOTAL EXPENDITURES	158,622,900	160,887,800	163,558,000	159,110,100	158,495,300

Morehead State University (MSU), located in Morehead, Kentucky, was established in 1922 by the Kentucky General Assembly. The University's current name was adopted in 1966 pursuant to an act of the General Assembly. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth, consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff

representative also serve on the Board and are elected by their respective peers. The government of the University is vested in the Board, and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky. The University was established primarily for the purpose of training teachers, administrators and supervisors for the elementary and secondary schools of the state, but has over the years expanded its facilities and curriculum to serve as a general regional institution of higher learning.

As noted in its Campus Action Plan for 2005-2010, Morehead State University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to protecting, preserving, and improving the unique heritage of the eastern Kentucky Appalachian region. It may offer programs beyond the master's degree to meet the requirements for teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs to meet community needs in consultation with KCTCS.

MSU boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Institute for Regional Analysis and Public Policy, and the Space Science Center. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

MSU maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes first-generation and low-income students from the eastern Kentucky Appalachian region. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

MSU's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship, teacher education, space-related science and technology, visual and performing arts, and regional public policy. As such, Morehead collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. MSU also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

Policy

The Governor's budget recommendation includes \$603,900 in fiscal year 2007 and \$919,800 in fiscal year 2008 from the General Fund for a base budget increase allocated from the benchmark funding formula.

The Governor's budget recommendation includes \$1,398,000 in fiscal year 2008 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project in Part II of the Executive Appropriations Bill.

**Postsecondary Education
Murray State University**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	52,381,100	57,235,200	58,710,500	55,260,200	53,667,500
Other	2,573,100				
Total General Fund	54,954,200	57,235,200	58,710,500	55,260,200	53,667,500
Restricted Funds					
Current Receipts	69,071,500	74,587,600	79,864,500	74,587,600	79,864,500
Total Restricted Funds	69,071,500	74,587,600	79,864,500	74,587,600	79,864,500
Federal Funds					
Current Receipts	14,886,900	14,886,900	14,886,900	14,886,900	14,886,900
Total Federal Funds	14,886,900	14,886,900	14,886,900	14,886,900	14,886,900
TOTAL SOURCE OF FUNDS	138,912,600	146,709,700	153,461,900	144,734,700	148,418,900
EXPENDITURES BY CLASS					
Personnel Cost	86,752,100	92,442,100	96,961,800	90,263,600	92,133,000
Operating Expenses	36,126,700	36,756,000	37,756,400	38,737,800	42,461,700
Grants, Loans or Benefits	6,682,900	6,682,900	6,832,900	6,682,900	6,682,900
Debt Service	3,010,800	4,788,600	5,870,700	3,010,300	1,101,200
Capital Outlay	6,340,100	6,040,100	6,040,100	6,040,100	6,040,100
TOTAL EXPENDITURES	138,912,600	146,709,700	153,461,900	144,734,700	148,418,900
EXPENDITURES BY FUND SOURCE					
General Fund	54,954,200	57,235,200	58,710,500	55,260,200	53,667,500
Restricted Funds	69,071,500	74,587,600	79,864,500	74,587,600	79,864,500
Federal Funds	14,886,900	14,886,900	14,886,900	14,886,900	14,886,900
TOTAL EXPENDITURES	138,912,600	146,709,700	153,461,900	144,734,700	148,418,900
EXPENDITURES BY UNIT					
Benchmark Funding				606,500	922,900
Instruction	49,796,800	52,108,600	54,657,500	49,796,800	49,796,800
Research	2,718,500	2,718,500	2,718,500	2,718,500	2,718,500
Public Service	6,160,200	6,245,000	6,543,200	6,118,000	6,289,400
Libraries	3,315,100	3,536,200	3,685,500	3,511,200	3,635,500
Academic Support	5,308,900	5,610,900	5,872,400	5,597,200	5,780,000
Student Services	12,359,300	13,090,700	13,710,200	12,986,700	13,403,800
Institutional Support	13,737,200	14,514,200	15,117,800	14,514,200	15,117,800
Operation and Maintenance of Plant	12,535,300	13,834,800	14,586,900	13,834,800	14,334,300
Scholarships and Fellowships	6,597,100	6,881,400	7,308,400	6,881,400	7,158,400
Mandatory Transfers	3,659,900	5,437,700	6,519,800	3,659,400	1,750,300
Non-Mandatory Transfers	5,545,900	5,545,900	5,545,900	7,324,200	10,315,400
Auxilliary Enterprises	17,178,400	17,185,800	17,195,800	17,185,800	17,195,800
TOTAL EXPENDITURES	138,912,600	146,709,700	153,461,900	144,734,700	148,418,900

Murray State University (MSU), located in Murray, Kentucky, was established in 1922 as Murray Normal School by the General Assembly, which changed its name to Murray State University in 1966. The University's main campus is a 232-acre site, and two agricultural farms totaling 351 acres lie within one mile of the campus. The governing body is the Board of Regents, consisting of eight members appointed by the Governor, one faculty member elected by the faculty, consisting of eight

members appointed by the Governor, one faculty member elected by the faculty, one staff member elected by the staff, and one student member elected by students. Pursuant to KRS 164.350, the Board of Regents is a body corporate with the powers usually vested in corporations and, as such, has control and management of the University, subject to the statutes of the Commonwealth.

As noted in its Campus Action Plan for 2005-2010, Murray State University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to agriculture, business, health and human services, teacher education, communications, engineering, and applied technologies. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

MSU boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in telecommunications systems management, the Ecosystem and Reservoir Research Center of Excellence. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, and residential colleges.

MSU maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

MSU's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on ecosystems, reservoir management, telecommunications, agriculture, entrepreneurship, and teaching pedagogy. The University places a high premium on academic outreach, collaborative relationships with alumni, the public schools, business and industry, governmental agencies, and other colleges and universities at home and abroad.

Murray State University provides or coordinates education services to meet the economic and community needs of its designated area of geographic responsibility. It collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

Policy

The Governor's budget recommendation includes \$606,500 in fiscal year 2007 and \$922,900 in fiscal year 2008 from the General Fund for a base budget increase allocated from the benchmark funding formula.

**Postsecondary Education
Northern Kentucky University**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	46,806,300	57,219,200	61,011,100	53,115,900	48,974,500
Other	4,527,200				
Total General Fund	51,333,500	57,219,200	61,011,100	53,115,900	48,974,500
Restricted Funds					
Current Receipts	106,736,800	112,204,400	118,886,200	112,204,400	118,886,200
Total Restricted Funds	106,736,800	112,204,400	118,886,200	112,204,400	118,886,200
Federal Funds					
Current Receipts	13,831,400	14,331,400	14,331,400	14,331,400	14,331,400
Total Federal Funds	13,831,400	14,331,400	14,331,400	14,331,400	14,331,400
TOTAL SOURCE OF FUNDS	171,901,700	183,755,000	194,228,700	179,651,700	182,192,100
EXPENDITURES BY CLASS					
Personnel Cost	97,843,500	105,894,000	114,293,800	102,676,600	107,443,700
Operating Expenses	31,048,000	32,572,100	35,884,600	32,072,300	32,762,700
Grants, Loans or Benefits	27,193,200	29,025,000	32,072,100	28,804,100	30,669,900
Debt Service	5,063,500	5,345,200	562,300	5,345,200	562,300
Capital Outlay	10,753,500	10,918,700	11,415,900	10,753,500	10,753,500
TOTAL EXPENDITURES	171,901,700	183,755,000	194,228,700	179,651,700	182,192,100
EXPENDITURES BY FUND SOURCE					
General Fund	51,333,500	57,219,200	61,011,100	53,115,900	48,974,500
Restricted Funds	106,736,800	112,204,400	118,886,200	112,204,400	118,886,200
Federal Funds	13,831,400	14,331,400	14,331,400	14,331,400	14,331,400
TOTAL EXPENDITURES	171,901,700	183,755,000	194,228,700	179,651,700	182,192,100
EXPENDITURES BY UNIT					
Benchmark Funding				1,500,600	2,142,100
Instruction	62,152,100	66,864,900	71,666,700	64,193,100	66,478,300
Research	1,067,200	1,137,700	1,159,000	1,137,700	1,159,000
Public Service	4,661,900	4,949,300	5,465,500	4,909,000	5,166,500
Libraries	5,309,200	5,607,000	6,058,400	5,456,400	5,649,600
Academic Support	13,652,800	14,337,600	14,971,800	14,087,300	14,538,600
Student Services	10,744,500	11,634,300	12,743,200	11,096,000	11,512,800
Institutional Support	20,832,700	22,247,100	23,286,400	21,426,100	22,105,400
Operation and Maintenance of Plant	11,948,100	13,178,200	16,660,900	12,267,500	12,625,200
Scholarships and Fellowships	26,828,700	28,660,500	31,707,600	28,439,600	30,305,400
Mandatory Transfers	5,714,300	5,996,000	1,213,100	5,996,000	1,213,100
Non-Mandatory Transfers	3,255,900	3,255,900	3,255,900	3,255,900	3,255,900
Auxilliary Enterprises	5,734,300	5,886,500	6,040,200	5,886,500	6,040,200
TOTAL EXPENDITURES	171,901,700	183,755,000	194,228,700	179,651,700	182,192,100

Northern Kentucky University (NKU) is a comprehensive institution of higher education located in a large metropolitan area. The university started in 1948 as an extension center of the University of Kentucky and later was part of the University of Kentucky's Community College System. Northern Kentucky University became an autonomous institution in 1968 by an act of the Kentucky General Assembly. A Board of Regents was appointed, and subsequently, the Board of Trustees of the

University of Kentucky turned over the Covington facilities and assets of Northern Community College to Northern Kentucky State College. These facilities, along with the community college faculty and students, formed the nucleus of NKU. Limited space at the Covington campus and a rapidly growing enrollment necessitated the move to a new campus in Highland Heights in the fall of 1972. The first bachelor's degrees were awarded in the spring of 1973. In 1976, Northern Kentucky State College was renamed Northern Kentucky University under KRS 164.290.

As noted in its Campus Action Plan for 2005-2010, Northern Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, NKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs, a first-professional program in law, and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

NKU boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Center for Integrative Natural Science and Mathematics. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, undergraduate research, community-based learning, and civic engagement.

NKU maintains moderately selective to selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

NKU emphasizes public engagement as a defining and nationally recognized quality of the university. As such, its priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship and improving math and science instruction. Northern Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It is committed to partnerships that support economic development, P-12 excellence, local government effectiveness, quality healthcare, nonprofit management, and civic literacy. Finally, NKU is committed to becoming a center for the performing and visual arts.

Policy

The Governor's budget recommendation includes \$1,500,600 in fiscal year 2007 and \$2,142,100 in fiscal year 2008 from the General Fund for a base budget increase allocated from the benchmark funding formula.

The Governor's budget recommendation includes \$1,322,000 in fiscal year 2008 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project in Part II of the Executive Appropriations Bill.

**Postsecondary Education
University of Kentucky**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	303,070,800	327,246,200	336,669,900	318,113,200	315,764,700
Other	11,231,400				
Total General Fund	314,302,200	327,246,200	336,669,900	318,113,200	315,764,700
Restricted Funds					
Current Receipts	1,184,527,400	1,238,551,300	1,298,127,600	1,238,551,300	1,298,127,600
Total Restricted Funds	1,184,527,400	1,238,551,300	1,298,127,600	1,238,551,300	1,298,127,600
Federal Funds					
Current Receipts	166,028,000	171,613,900	177,404,300	171,613,900	177,404,300
Total Federal Funds	166,028,000	171,613,900	177,404,300	171,613,900	177,404,300
TOTAL SOURCE OF FUNDS	1,664,857,600	1,737,411,400	1,812,201,800	1,728,278,400	1,791,296,600
EXPENDITURES BY CLASS					
Personnel Cost	897,695,400	934,322,100	972,800,400	928,103,800	959,213,000
Operating Expenses	601,027,600	627,348,800	654,944,600	635,177,800	671,763,900
Grants, Loans or Benefits	77,859,200	88,965,500	101,953,900	78,059,200	78,059,200
Debt Service	33,025,000	31,138,900	26,461,800	31,687,200	27,010,100
Capital Outlay	55,250,400	55,636,100	56,041,100	55,250,400	55,250,400
TOTAL EXPENDITURES	1,664,857,600	1,737,411,400	1,812,201,800	1,728,278,400	1,791,296,600
EXPENDITURES BY FUND SOURCE					
General Fund	314,302,200	327,246,200	336,669,900	318,113,200	315,764,700
Restricted Funds	1,184,527,400	1,238,551,300	1,298,127,600	1,238,551,300	1,298,127,600
Federal Funds	166,028,000	171,613,900	177,404,300	171,613,900	177,404,300
TOTAL EXPENDITURES	1,664,857,600	1,737,411,400	1,812,201,800	1,728,278,400	1,791,296,600
EXPENDITURES BY UNIT					
Benchmark Funding				4,448,800	6,777,400
Instruction	267,915,900	304,861,700	344,595,500	267,915,900	267,915,900
Research	275,050,200	311,996,000	351,729,700	280,636,100	286,426,500
Public Service	196,417,200	196,417,200	196,417,200	196,417,200	196,417,200
Libraries	21,849,300	21,849,300	21,849,300	21,849,300	21,849,300
Academic Support	65,927,000	65,927,000	65,927,000	65,927,000	65,927,000
Student Services	21,397,400	21,397,400	21,397,400	21,397,400	21,397,400
Institutional Support	78,338,700	78,338,700	78,338,700	78,338,700	78,338,700
Operation and Maintenance of Plant	49,836,100	49,836,100	49,836,100	49,836,100	49,836,100
Scholarships and Fellowships	77,859,200	77,859,200	77,859,200	78,059,200	78,059,200
Mandatory Transfers	19,863,000	18,525,200	13,848,100	18,525,200	13,848,100
Auxilliary Enterprises	122,256,100	122,256,100	122,256,100	122,256,100	122,256,100
Hospitals	468,147,500	468,147,500	468,147,500	522,171,400	581,747,700
TOTAL EXPENDITURES	1,664,857,600	1,737,411,400	1,812,201,800	1,727,778,400	1,790,796,600

The University of Kentucky (UK) is a comprehensive, land grant institution located in Lexington, Kentucky. Founded in 1865 under the provisions of the Morrill Land-Grant Act, the University began as part of Kentucky University. In 1878, the

Agricultural and Mechanical College was separated from Kentucky University and re-established on land given by Lexington and Fayette County. To provide a separate campus for the new institution, Lexington donated its 50-acre fairground and park, and along with Fayette County, helped construct the buildings. Thirty years later the name was changed to State University, Lexington, Kentucky, before eventually becoming the University of Kentucky in 1916.

As noted in its Campus Action Plan for 2005-2010, the University of Kentucky's goal, mandated by House Bill 1, is to be a major comprehensive research institution ranked nationally in the top 20 public universities.

To advance this agenda, UK's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, specialist, and doctoral degree programs consistent with a flagship institution's statewide mission. It also maintains professional programs in dentistry, law, medicine, pharmacy, architecture, engineering, education, and social professions. The graduate and postdoctoral programs emphasize areas supporting statewide economic and community development and are consistent with a nationally-recognized public research university.

UK's programs include innovative post-baccalaureate certificate, master's, and doctoral programs that meet 21st century public needs in traditional and emerging multidisciplinary fields. UK maintains a state leadership role in delivering doctoral education, including collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning, living-learning communities, and undergraduate research.

UK has selective to highly selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees, and recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Kentucky's priorities for action include basic, applied, and translational research as one of only seven universities in the United States with schools of agriculture, engineering, law, medicine, and pharmacy on a single campus. UK emphasizes research and creativity in areas of identified strength and opportunity, as well as in emerging fields essential to the development of a knowledge-based economy in Kentucky and beyond. This requires significant extramural support and a broad array of doctoral programs, consistent with the nation's top-20 research universities. UK focuses on programs in health and life sciences, computer science and engineering, cultural and international studies, public policy and human services, business and economics, energy and the environment, and the arts. It also conducts research and outreach supporting the improvement of P-20 and adult education systems with a special emphasis on literacy.

UK drives statewide economic development by preparing a highly educated workforce, conducting grant and contract-funded research, and transferring research and technological innovations to the marketplace. It assures Kentuckians high-quality health care by promoting access to the highest level of appropriate care possible within the facilities of local communities and developing advanced subspecialty programs of national stature at the academic medical center. UK engages the university community and its partners in fostering economic well being and quality of life for Kentuckians in its designated area of geographic responsibility, in regions facing significant economic and health-related challenges, throughout the Commonwealth, and, as the state's flagship institution, beyond its borders to the nation and world.

Policy

The Governor's budget recommendation includes \$4,448,800 in fiscal year 2007 and \$6,777,400 in fiscal year 2008 from the General Fund for a base budget increase allocated from the benchmark funding formula.

The Governor's budget recommendation includes \$7,075,000 in fiscal year 2008 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project in Part II of the Executive Appropriations Bill.

The Governor's recommended budget includes an additional \$200,000 each fiscal year from General Fund Coal Severance funds to support scholarships to increase the number of Mining Engineering students and graduates from the University. This effort supports the increased demand for mining engineers in the Kentucky coal industry.

Additional General Fund in the amount of \$1,000,000 in fiscal year 2007 and \$2,000,000 in fiscal year 2008 is provided in the Council on Postsecondary Education's (CPE) budget for Research Support purposes at the University. These funds will be used to recruit and retain prominent research faculty. The funds may be used for start-up costs, salaries, and travel. This represents two-thirds of the additional funding for recurring Research Support in the CPE budget.

Additional General Fund in the amount of \$4,000,000 in fiscal year 2008 is provided in the Council on Postsecondary Education's budget for nonrecurring Research Support activities. This funding will support laboratory renovations and equipment purchases in designated priority areas and will support research initiatives that address regional or statewide needs. The funds are intended to contribute to the generation of federal and extramural research and development expenditures, foster increased innovation and opportunities for commercialization, and stimulate business development at

the University. This represents one-third of the additional funding for nonrecurring Research Support in the CPE budget.

The Governor's budget recommendation includes an additional \$500,000 each fiscal year from the General Fund to support the Governor's Fitness program throughout the Commonwealth through the University of Kentucky Cooperative Extension Service.

**Postsecondary Education
University of Louisville**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	176,109,100	198,352,500	205,676,300	187,406,500	183,115,400
Other	7,578,800				
Total General Fund	183,687,900	198,352,500	205,676,300	187,406,500	183,115,400
Restricted Funds					
Current Receipts	395,459,800	445,336,100	502,019,800	445,336,100	502,019,800
Total Restricted Funds	395,459,800	445,336,100	502,019,800	445,336,100	502,019,800
Federal Funds					
Current Receipts	118,679,400	136,481,300	156,953,600	136,481,300	156,953,600
Total Federal Funds	118,679,400	136,481,300	156,953,600	136,481,300	156,953,600
TOTAL SOURCE OF FUNDS	697,827,100	780,169,900	864,649,700	769,223,900	842,088,800
EXPENDITURES BY CLASS					
Personnel Cost	435,494,100	485,798,000	542,122,000	480,012,000	529,628,600
Operating Expenses	181,801,900	214,072,500	249,388,000	208,912,500	239,320,500
Grants, Loans or Benefits	37,447,500	37,447,500	37,447,500	37,447,500	37,447,500
Debt Service	17,667,600	17,435,900	10,276,200	17,435,900	10,276,200
Capital Outlay	25,416,000	25,416,000	25,416,000	25,416,000	25,416,000
TOTAL EXPENDITURES	697,827,100	780,169,900	864,649,700	769,223,900	842,088,800
EXPENDITURES BY FUND SOURCE					
General Fund	183,687,900	198,352,500	205,676,300	187,406,500	183,115,400
Restricted Funds	395,459,800	445,336,100	502,019,800	445,336,100	502,019,800
Federal Funds	118,679,400	136,481,300	156,953,600	136,481,300	156,953,600
TOTAL EXPENDITURES	697,827,100	780,169,900	864,649,700	769,223,900	842,088,800
EXPENDITURES BY UNIT					
Benchmark Funding				3,612,300	5,906,700
Instruction	208,499,800	235,797,300	266,361,500	231,355,200	257,411,400
Research	100,370,300	113,511,200	128,224,700	111,372,800	123,916,100
Public Service	58,027,900	65,625,200	74,131,500	64,388,900	71,640,500
Libraries	17,032,900	19,262,900	21,759,800	18,900,000	21,028,600
Academic Support	62,536,600	70,724,200	79,891,600	69,391,800	77,206,900
Student Services	17,421,600	19,702,500	22,256,500	19,331,300	21,508,500
Institutional Support	48,639,600	55,727,800	63,664,300	54,574,300	61,340,100
Operation and Maintenance of Plant	30,278,100	35,646,600	40,644,900	33,597,100	37,381,000
Scholarships and Fellowships	69,090,800	78,136,400	88,264,600	76,664,400	85,298,700
Mandatory Transfers	16,330,000	16,098,300	8,938,600	16,098,300	8,938,600
Auxilliary Enterprises	45,856,100	45,856,100	45,856,100	45,856,100	45,856,100
Hospitals	23,743,400	24,081,400	24,655,600	24,081,400	24,655,600
TOTAL EXPENDITURES	697,827,100	780,169,900	864,649,700	769,223,900	842,088,800

The University of Louisville is an urban university with close historical and legal ties with Louisville-Jefferson County. The University was founded in 1798 as the Jefferson Seminary, later known as Louisville College, and in 1846 became the University of Louisville by legislative charter. The University became a member of Kentucky's public higher education system on July 1, 1970, and amended its charter to reflect its status as a state institution, subject to the administration and control of

the Board of Trustees, which was constituted a public body corporate, with the usual corporate powers, and processing all the authorities, immunities, rights, privileges, and franchises normally attached to the governing bodies of Kentucky public higher education institutions.

As noted in its Campus Action Plan for 2005-2010, the University of Louisville's goal, mandated by House Bill 1, is to be a premier, nationally recognized metropolitan research university.

To advance this agenda, UofL's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a world that is increasingly intercultural, interdisciplinary, and diverse. It offers a comprehensive array of baccalaureate, master's, and specialist programs, along with professional programs in dentistry, law, medicine, engineering, education, and social professions. Selected doctoral programs support the goals of national recognition as a metropolitan research university and meet the economic and community development needs of the region and state. UofL offers collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs.

UofL places special emphasis on its Research Challenge Trust Fund programs in business (entrepreneurship), health and life sciences, engineering, education, humanities, and the arts. It strives to increase the quality of undergraduate programs while increasing the size and national recognition of graduate programs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning, and undergraduate research.

UofL maintains selective to highly selective admissions with a commitment to recruiting a diverse undergraduate and graduate student body, especially students from its metropolitan area and those who do not enter or move through the university in traditional ways. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees. It also recruits students nationally and internationally to increase intellectual capital and diversity.

UofL serves as the metropolitan area's intellectual center and economic engine. It drives economic development by educating a workforce ready to take on the challenges of a new century. The University supports existing businesses, promotes business startups based on university inventions, and coordinates other community economic development efforts. UofL is building a national reputation as a leader in issues affecting metropolitan regions and provides this expertise to other areas in the state, nation, and beyond through basic, applied, and translational research. UofL's research mission prioritizes programs in human health and development, life sciences, information technology and communications, environmental and energy technologies, logistics and distribution, early childhood education, entrepreneurship, materials science, and advanced manufacturing. UofL works with P-12 schools and adult learning centers to improve student achievement and postsecondary preparation. Additionally, research and creative activities in the humanities and the arts foster and support the rich cultural life of the Greater Louisville area.

Policy

The Governor's budget recommendation includes \$3,612,300 in fiscal year 2007 and \$5,906,700 in fiscal year 2008 from the General Fund for a base budget increase allocated from the benchmark funding formula.

The Governor's budget recommendation includes \$6,146,000 in fiscal year 2008 from the General Fund in the Council on Postsecondary Education's budget for debt service for a capital project in Part II of the Executive Appropriations Bill.

Additional General Fund in the amount of \$500,000 in fiscal year 2007 and \$1,000,000 in fiscal year 2008 is provided in the Council on Postsecondary Education's (CPE) budget for Research Support purposes at the University. These funds will be used to recruit and retain prominent research faculty. The funds may be used for start-up costs, salaries, and travel. This represents one-third of the additional funding for recurring Research Support in the CPE budget.

Additional General Fund in the amount of \$2,000,000 in fiscal year 2008 is provided in the Council on Postsecondary Education's budget for nonrecurring Research Support activities. This funding will support laboratory renovations and equipment purchases in designated priority areas and will support research initiatives that address regional or statewide needs. The funds are intended to contribute to the generation of federal and extramural research and development expenditures, foster increased innovation and opportunities for commercialization, and stimulate business development at the University. This amount represents one-third of the additional funding for nonrecurring Research Support in the CPE budget.

The Governor's recommended budget includes \$18,408,100 in fiscal year 2007 and \$18,982,300 in fiscal year 2008 for the Quality and Charity Care Trust Agreement.

**Postsecondary Education
Western Kentucky University**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	71,963,200	85,666,400	93,817,000	79,666,100	78,647,400
Other	6,075,600				
Total General Fund	78,038,800	85,666,400	93,817,000	79,666,100	78,647,400
Restricted Funds					
Current Receipts	157,685,200	175,046,300	183,059,900	175,046,300	183,059,600
Total Restricted Funds	157,685,200	175,046,300	183,059,900	175,046,300	183,059,600
Federal Funds					
Current Receipts	36,862,000	40,428,600	42,390,300	40,428,600	42,390,300
Total Federal Funds	36,862,000	40,428,600	42,390,300	40,428,600	42,390,300
TOTAL SOURCE OF FUNDS	272,586,000	301,141,300	319,267,200	295,141,000	304,097,300
EXPENDITURES BY CLASS					
Personnel Cost	144,893,600	160,877,500	171,729,700	158,100,600	162,194,900
Operating Expenses	74,037,400	81,591,600	85,570,800	78,368,200	79,935,700
Grants, Loans or Benefits	42,188,000	46,088,000	49,988,000	46,088,000	49,988,000
Debt Service	5,006,500	5,018,700	4,058,500	5,018,700	4,058,500
Capital Outlay	6,460,500	7,565,500	7,920,200	7,565,500	7,920,200
TOTAL EXPENDITURES	272,586,000	301,141,300	319,267,200	295,141,000	304,097,300
EXPENDITURES BY FUND SOURCE					
General Fund	78,038,800	85,666,400	93,817,000	79,666,100	78,647,400
Restricted Funds	157,685,200	175,046,300	183,059,900	175,046,300	183,059,600
Federal Funds	36,862,000	40,428,600	42,390,300	40,428,600	42,390,300
TOTAL EXPENDITURES	272,586,000	301,141,300	319,267,200	295,141,000	304,097,300
EXPENDITURES BY UNIT					
Benchmark Funding				1,658,500	2,530,200
Instruction	88,956,000	101,653,500	110,436,100	97,311,000	100,751,000
Research	9,758,000	10,173,800	10,402,700	10,105,200	10,265,500
Public Service	20,169,000	23,175,900	24,861,000	22,970,000	24,449,300
Libraries	6,425,000	7,567,600	8,242,600	7,293,100	7,693,700
Academic Support	11,982,000	13,193,200	14,463,000	12,850,100	13,250,700
Student Services	22,424,000	25,230,700	27,115,800	24,407,300	25,469,000
Institutional Support	28,746,500	31,030,400	31,399,200	30,412,800	30,164,100
Operation and Maintenance of Plant	23,596,000	25,602,800	27,437,500	25,305,700	25,987,200
Scholarships and Fellowships	39,012,000	41,158,100	42,647,400	40,472,000	41,274,700
Mandatory Transfers	5,006,500	5,018,700	4,058,500	5,018,700	4,058,500
Auxilliary Enterprises	16,511,000	17,336,600	18,203,400	17,336,600	18,203,400
TOTAL EXPENDITURES	272,586,000	301,141,300	319,267,200	295,141,000	304,097,300

Western Kentucky University (WKU), located in Bowling Green, Kentucky, was established by the General Assembly in 1906 when it created two schools for the training of teachers. On January 1, 1907, the Southern Normal School was transferred to the state of Kentucky, and the president of that institution became president of the Western Kentucky State Normal School. The 1922 General Assembly changed the name of the institution to the Western Kentucky State Normal School and

Teachers College and passed an enabling act permitting the institution to confer degrees. In 1930 the name was changed to the Western Kentucky State Teachers College, then to the Western Kentucky State College in 1948, and finally to Western Kentucky University in 1966.

As noted in its Campus Action Plan for 2005-2010, Western Kentucky University's goal, mandated by House Bill 1, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, WKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

WKU boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Programs of Distinction in journalism and forensics and applied research and technology. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

WKU maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

WKU's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on cave and karst studies, applied physics, folk studies, Kentucky life, literature, and history, the Civil War in the west, materials characterization and combustion, teacher effectiveness, entrepreneurship, rural health development, lifespan development, water quality, and applied engineering. As such, Western Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides or coordinates education services improve teacher quality and student performance in the region.

Policy

The Governor's budget recommendation includes \$1,658,500 in fiscal year 2007 and \$2,530,200 in fiscal year 2008 from the General Fund for a base budget increase allocated from the benchmark funding formula.

The Governor's budget recommendation includes \$1,031,000 in fiscal year 2008 from the General Fund in the Council on Postsecondary Education's budget for debt service for capital projects in Part II of the Executive Appropriations Bill.

**Postsecondary Education
Kentucky Community and Technical College System**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	189,031,900	221,596,100	243,517,800	206,383,800	208,806,300
Salary Compensation Fund	1,422,300				
Other	11,322,100				
Total General Fund	201,776,300	221,596,100	243,517,800	206,383,800	208,806,300
Restricted Funds					
Current Receipts	262,814,300	274,733,700	294,395,400	273,623,700	292,823,500
Fund Transfers	-3,500,000				
Total Restricted Funds	259,314,300	274,733,700	294,395,400	273,623,700	292,823,500
Federal Funds					
Current Receipts	137,323,700	144,916,100	153,070,400	144,916,100	153,070,400
Total Federal Funds	137,323,700	144,916,100	153,070,400	144,916,100	153,070,400
TOTAL SOURCE OF FUNDS	598,414,300	641,245,900	690,983,600	624,923,600	654,700,200
EXPENDITURES BY CLASS					
Personnel Cost	296,756,800	319,379,800	346,724,000	310,544,700	326,051,600
Operating Expenses	132,369,900	140,809,100	150,530,400	137,396,300	142,721,700
Grants, Loans or Benefits	156,325,800	165,416,700	175,893,400	163,852,500	172,584,300
Capital Outlay	12,961,800	15,640,300	17,835,800	13,130,100	13,342,600
TOTAL EXPENDITURES	598,414,300	641,245,900	690,983,600	624,923,600	654,700,200
EXPENDITURES BY FUND SOURCE					
General Fund	201,776,300	221,596,100	243,517,800	206,383,800	208,806,300
Restricted Funds	259,314,300	274,733,700	294,395,400	273,623,700	292,823,500
Federal Funds	137,323,700	144,916,100	153,070,400	144,916,100	153,070,400
TOTAL EXPENDITURES	598,414,300	641,245,900	690,983,600	624,923,600	654,700,200
EXPENDITURES BY UNIT					
Benchmark Funding				4,607,500	7,030,000
Instruction	221,555,500	238,168,200	258,415,700	228,978,700	238,579,000
Public Service	36,869,800	39,482,600	41,474,300	38,177,100	39,901,400
Libraries	6,861,900	8,070,900	9,559,800	7,875,400	9,164,800
Academic Support	31,173,700	34,346,500	37,633,700	31,413,700	31,735,600
Student Services	43,233,400	46,460,000	50,255,900	44,895,800	46,967,400
Institutional Support	74,762,900	77,765,100	81,219,800	75,809,900	77,187,700
Operation and Maintenance of Plant	46,527,800	50,392,400	55,368,000	48,169,500	50,364,700
Scholarships and Fellowships	136,626,800	145,717,600	156,171,700	144,153,400	152,884,900
Auxilliary Enterprises	802,500	842,600	884,700	842,600	884,700
TOTAL EXPENDITURES	598,414,300	641,245,900	690,983,600	624,923,600	654,700,200

The Kentucky Community and Technical College System (KCTCS), created by The Postsecondary Education Improvement Act of 1997, is composed of community and technical college districts plus several branch campuses and distance learning centers strategically located across the Commonwealth. As noted in its Campus Action Plan for 2005-2010, KCTCS's goal, mandated by House Bill 1, is to assure, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two-year course of general studies designed for transfer to a baccalaureate program, the training

necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.

To advance this agenda, KCTCS has a general two-year academic curriculum with transferable credits. It maintains associate, technical, and semi-professional programs leading to degrees, diplomas, and certificates. It enhances basic academic and literacy skills through adult and developmental education. KCTCS focuses on continuing education and workforce development customized for business and industry, as well as dual enrollment and credit for secondary students.

The Kentucky Community and Technical College System maintains open admissions with a commitment to recruiting a diverse student body. Its students are pursuing associate degrees, diplomas, and certificates and are seeking transfer credit toward baccalaureate degrees. Its students also include workers seeking technical training, students needing remedial coursework, adults gaining personal development through continuing education, and high school students earning dual credit and preparation for college.

KCTCS's priorities for action are applied research in workforce development, classroom instruction, and technology deployment.

KCTCS serves the needs of students in 120 counties through its statewide physical presence and distance learning programs. It provides customized workforce training for employers to promote economic well being and quality of life for communities throughout Kentucky. KCTCS serves as the primary point of access for many Kentuckians seeking postsecondary education to improve their education level and quality of life.

Policy

The Governor's budget recommendation includes \$4,607,500 in fiscal year 2007 and \$7,030,000 in fiscal year 2008 from the General Fund for a base budget increase allocated from the benchmark funding formula.

The Governor's budget recommendation includes \$5,149,000 in fiscal year 2008 from the General Fund in the Council on Postsecondary Education's budget for debt service for capital projects in Part II of the Executive Appropriations Bill.

Additional General Fund in the amount of \$300,000 in fiscal year 2007 and \$1,200,000 in fiscal year 2008 is provided in the Council on Postsecondary Education to be allocated from the Workforce Development Trust Fund to KCTCS.

The Governor's budget recommendation includes an additional \$750,000 in fiscal year 2007 and \$1,000,000 in fiscal year 2008 for a comprehensive physical aptitude test program for Kentucky firefighters. These funds are from the Kentucky Firefighters Foundation Program Fund.